A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 4 APRIL 1986

PAPER AND PAPERBOARD PRODUCTION: CONTINUING STRONG

For the first time since March of 1984, the production of paper and paperboard exceeded 6 million tons in a single month. Preliminary figures show total production in March 1986 at 6,057,000 tons, 2.5% above its year-ago level. While these advances in production leaned in the direction of the paperboard grades, both paper and paperboard moved above the record 3 million-ton mark. Production for the first quarter, on a seasonally adjusted annual basis, was 3.6% above the seasonally adjusted total for 1985.

The trend position of seasonally adjusted production for March (the average of February and March) annualizes to 68.9 million tons per year, 2.5% above the comparable 1985 figure. The normal seasonal gain of 10.7% in production from February to March actually occurred, indicating that total paper and paperboard production is now in a relatively flat trend. Weekly data show that this pattern is continuing into April.

As stated before, the paperboard trend is growing slightly faster than that of paper. The seasonally adjusted annual rate of paperboard production for the first quarter of 1986 was 34.6 million tons per year, 4.0% above the comparable 1985 rate and 4.1% above the total for the year. Paper showed a seasonally adjusted rate of 35.0 million tons per year for the first quarter of this year, with the fourth quarter of 1985 at 34.2 million and the first at 34.4 million. This current rate is 1.0% over the year-earlier level and 3.0% above the 1985 total.

Paper Production:

There were wide differences among the trends for the various grades of paper.

Newsprint production for the first quarter of 1986 (at an annual rate of 5,552,000 tons per year) was down 1.2% over the first quarter of 1985. Imports of this grade accounted for 60% of total U.S. new supply (production plus imports minus exports). This ratio has been climbing at a rate of about one percentage point

Continued on Page 2

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per year since the end of 1981. While Canada's share of our import market is still considerable, about 96% at the end of 1985, its share has dropped steadily since 1982 when it supplied virtually all of that same total. Imports of newsprint from Sweden, Norway and Finland have increased during this period, probably because of their more favorable exchange rates with the U.S. dollar.

Demand for uncoated free sheet papers remained strong at 889,000 tons for the month of March, matching the January 1986 level and bringing the first quarter 8.9% above the same quarter of 1985. Shipments to business forms producers and other converters, making up more than a quarter of the total market for domestically produced uncoated free sheet papers, posted strong advances over the year-ago level. Shipments to book publishers and envelope converters were also strong, while shipments for office reprographics remained on a par with 1985 levels. Imports of uncoated free sheet papers though February were still well above the year-ago level at an annual rate of 491,000 tons, 62.9% over the first two months of 1985. Exports were sluggish at 54,300 tons per year for the same period, down 35.4% from a year ago.

Production of coated papers was down 4.2% from the first quarter level in 1985. However, that quarter came at the tail end of the explosive growth in consumption of coated papers in 1984 and this may offset the importance of such a decline. The current quarterly total is 9.6% above the fourth quarter 1985 total and 10.6% above the third. The Federal Reserve Board's index of production for printers and publishers, which represents approximately 97% of the total market for U.S. made coated papers, indicates further growth. This index has maintained a 5% lead over its year-ago levels for the past six months. In addition, printer's inventories, which had been declining for the past twelve months, appear to be leveling out.

These pressures on demand have not yet been reflected in domestic production due to the high percentage that imports of this grade represent of the total new supply (production plus imports minus exports). Imports of coated papers are down from year-ago levels, but some of this tonnage is the result of contracts formulated back in 1985. The full impact of the drop in the dollar will not be felt until later this year.

Among the other printing and writing grades, production of uncoated groundwood was down 2.4% over a year ago at an annual rate of 1,461,000 tons per year. The seasonally adjusted annual rate for the first quarter of this year fell 2.7% behind the total for last year. The backlog of unfilled orders eased to a level more than 30,000 tons below the average level for 1984 and about

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

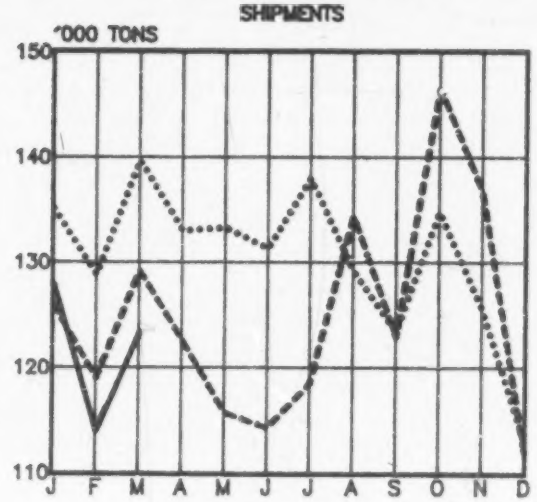
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	438	463	434	491	5552	-1.2
- Shipments	5584	5417	444	427	434	486	5384	-2.4
Printing & Writing sum	18395	18407	1481	1654	1522	1655	19323	3.2
Groundwood Paper - Shipments	1565	1498	112	128	114	123	1461	-2.4
- New Orders	1575	1478	105	142	113	125	1518	8.8
-Unfilled Orders	140	106	106	118	116	111	111	6.8
Coated Papers - Shipments	6249	5863	448	521	489	525	6141	-4.2
- New Orders	6281	5717	444	552	495	560	6426	8.3
- Unfilled Orders	575	430	430	439	446	496	496	13.2
Unctd Free Sheet - Shipments	9207	9739	813	889	808	889	10342	8.9
- New Orders	8939	9789	775	886	827	853	10264	6.4
- Unfilled Orders	430	509	509	474	497	440	440	-6.8
Thin Papers - Shipments	267	241	19	23	28	27	310	17.0
Cotton Fiber Paper - Shipments	147	143	11	13	12	14	156	7.8
Bleached Bristols - Production	959	924	79	80	71	67	874	-4.8
Tissue Paper - Production	4921	4941	410	428	391	431	4997	1.1
Total Packaging & Other Paper	5555	5210	410	436	405	446	5144	-4.1
Unbl. Kraft Paper - Shipments	3666	3410	271	290	263	293	3387	-4.5
Other Paper - Production	1889	1800	139	145	142	152	1756	-3.2
TOTAL PAPER-Production-Unadj. *	34409	33986	2740	2981	2751	3022	35015	1.0
-Production-S.A. *			2922	2943	2873	2880	34782	1.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25490	2058	2259	2082	2334	26696	3.7
Total Unbl. Kraft Paperboard	17185	16434	1314	1461	1325	1497	17129	2.0
Unbl. Kraft Linerboard (1)	16037	15242	1229	1354	1223	1380	15826	1.1
Production for Export	2086	1756	156	173	151	199	2094	35.6
Other Unbl. Kraft Paperboard	1149	1192	86	107	102	116	1303	14.9
Semichemical Paperboard	5169	5084	414	443	416	459	5275	5.8
Production for Export	149	189	19	18	13	15	184	19.0
Solid Bleached Paperboard	4048	3972	330	355	341	378	4293	8.1
Production for Export	478	459	40	31	41	44	463	5.1
Recycled Paperboard	7637	7701	598	681	634	701	8062	4.9
Production for Export	17	14	1	2	2	2	26	80.6
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33190	2656	2940	2715	3035	34759	4.0
- Containerboard Prod.(Dom. Use)	20993	20353	1616	1784	1634	1808	20906	-0.1
- Boxboard Prod.(Dom. Use) (2)	5783	5750	466	503	480	536	6074	4.4
- All Other P'bd Prod.(D.U.) (2)	4531	4669	357	428	394	431	5012	10.4
- Total Paperbd Prod. for Export	2731	2418	216	225	207	260	2767	28.4
TOTAL PAPERBOARD PROD.- S.A. *			3041	2934	2863	2858	34622	4.0
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68449	67176	5396	5920	5466	6057	69774	2.5
Production - S.A. *			5963	5877	5735	5739	69404	2.5

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

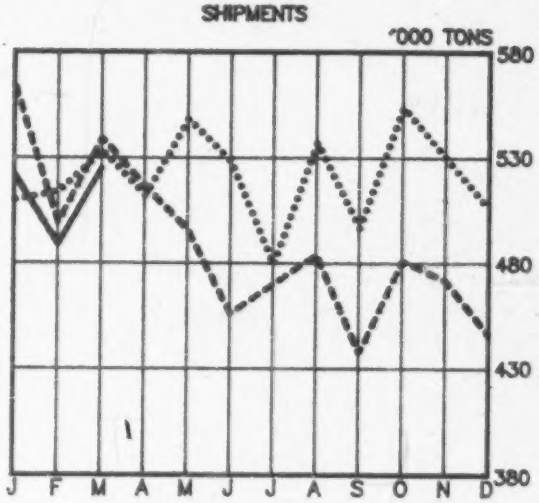
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



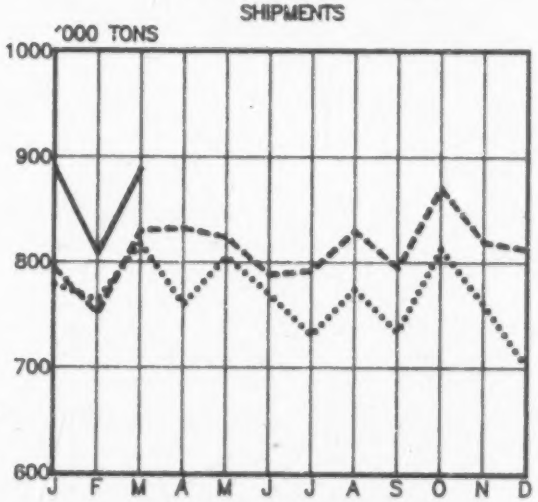
COATED PAPER

SHIPMENTS



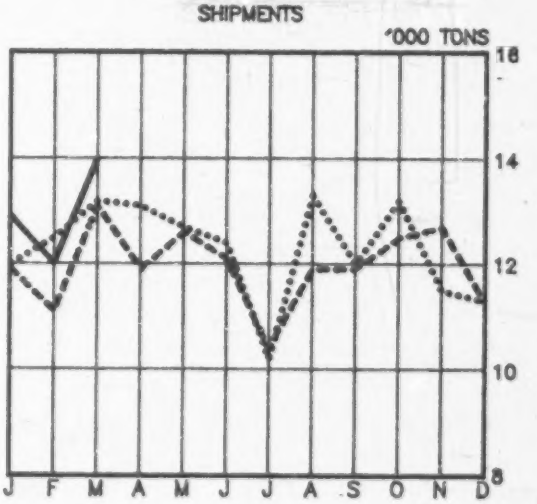
UNCOATED FREE SHEET PAPERS

SHIPMENTS



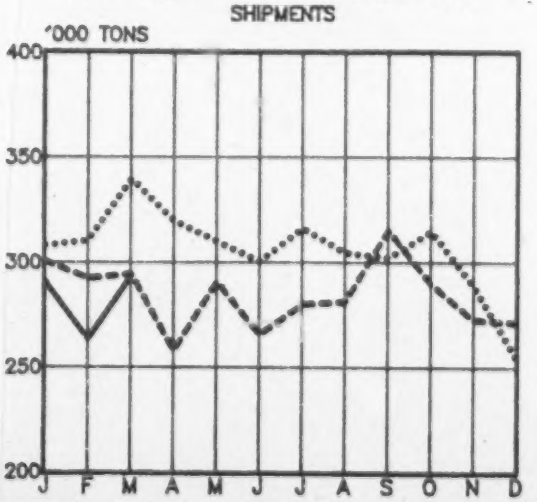
COTTON FIBER PAPER

SHIPMENTS



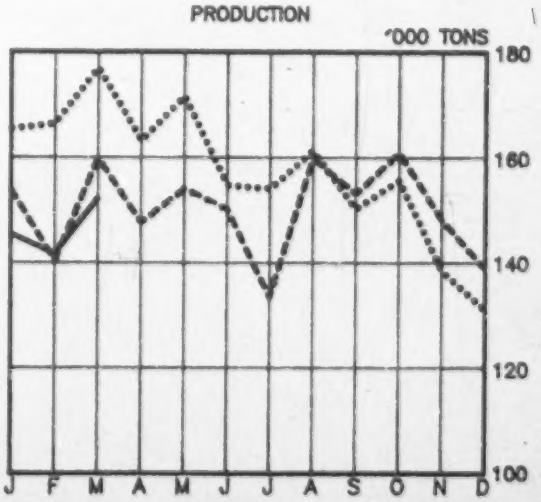
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	NOV 1985	DEC 1985	JAN 1986	FEB 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4499	4385	4846	4407	55521	3.2
- Imports	4490	4466	401	339	383	335	4304	3.5
- Exports	3594	3791	363	295	368	342	4257	35.5
- New Supply	56367	54844	4537	4429	4861	4400	55568	1.4
Dissolving Pulp - Production	1206	1174	97	93	107	95	1208	-1.2
- Imports	161	175	17	11	31	13	261	56.9
- Exports	595	631	56	42	55	48	619	11.7
- New Supply	772	718	58	62	82	60	850	1.8
Paper Grades - Production	44690	43696	3648	3555	3931	3578	45052	3.9
Chemical Pulp - Imports	4023	4104	365	324	348	317	3989	5.1
- Exports	2945	3131	302	250	310	288	3589	41.1
- New Supply	45767	44668	3711	3629	3968	3607	45451	1.9
Groundwood and - Production	5506	5251	421	408	463	424	5321	1.1
Thermo-Mech. - Imports	306	187	19	4	4	4	54	-72.6
- Exports	54	29	4	3	2	6	48	15.8
- New Supply	5758	5409	435	409	465	423	5327	-1.7
Semi-Chemical - Production	4069	4050	333	328	346	311	3940	-0.8
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4050	333	328	346	311	3940	-0.8
MARKET WOOD PULP								
Total Market - Production	6898	6800	589	554	622	589	7270	3.8
Wood Pulp - Imports	2968	2791	226	217	246	221	2801	10.6
- Exports	3511	3784	306	354	389	365	4525	44.0
- New Supply	6355	5807	505	417	479	445	5546	-13.3
Dissolving Pulp - Production	1205	1171	96	93	106	94	1202	-1.9
- Imports	204	174	16	9	26	8	203	9.4
- Exports	690	666	11	68	54	57	663	21.3
- New Supply	718	679	92	33	78	45	742	-14.1
Paper Grades - Production	5680	5605	482	460	515	495	6061	5.1
Chemical Pulp - Imports	2664	2531	194	206	217	210	2563	10.9
- Exports	2821	3117	255	286	335	309	3863	48.9
- New Supply	5523	5019	421	381	397	397	4761	-13.2
Groundwood Pulp - Production	14	24	7	1	1	0	7	-50.0
and All Other - Imports	100	86	15	3	3	3	36	-0.4
- Exports	1	1	0	0	0	0	-1	0.0
- New Supply	114	109	22	3	4	3	44	-11.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

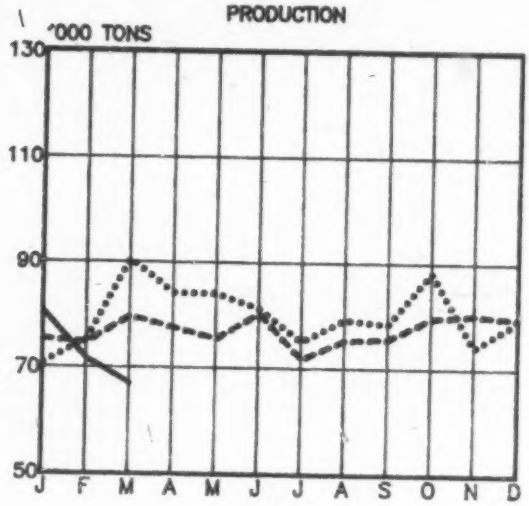
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68588	5692	5538	6257	5694	71704	5.7
Total Wood Pulp	54562	53297	4406	4332	4715	4277	53954	3.0
Waste Paper	15926	15290	1286	1207	1542	1417	17750	14.8
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	174	164	190	164	165	157	939	-9.2
Mkt Pulp at Pulp Mills (Paper Grades)	585	486	537	486	444	421	2528	-39.4
Mkt Pulp at Ppr. & Bd. Mills *	545	492	448	492	504	531	3188	-1.8
Waste Paper at Paper &Bd. Mills	1053	978	957	978	1037	999	5992	0.7
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	35	30	26	25	25	-47.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

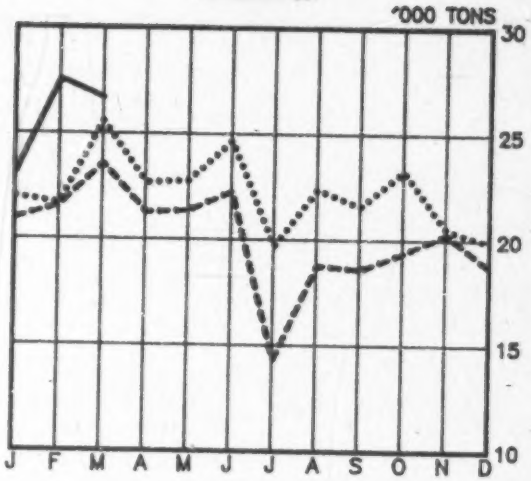
BLEACHED BRISTOLS

PRODUCTION



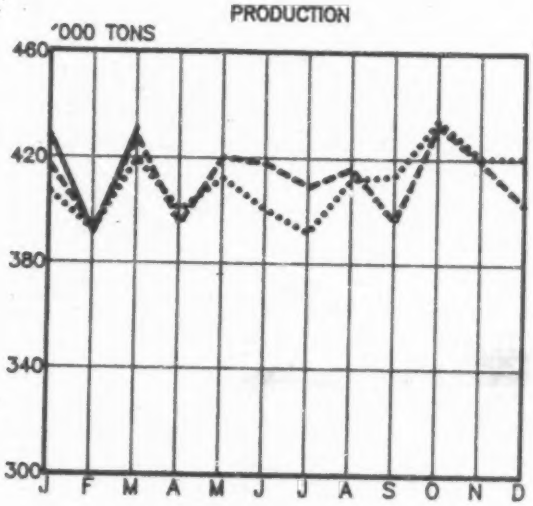
THIN PAPER

PRODUCTION



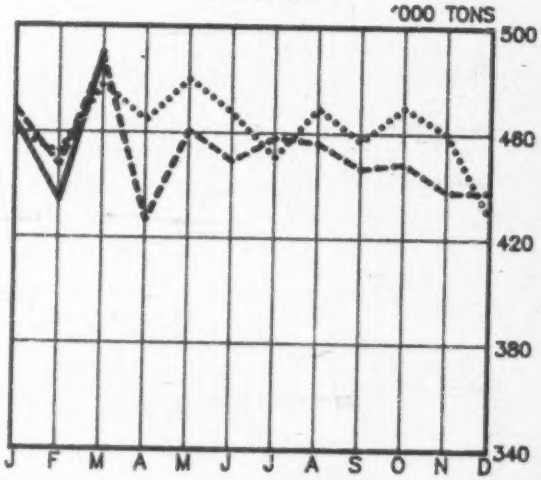
TISSUE PAPER

PRODUCTION



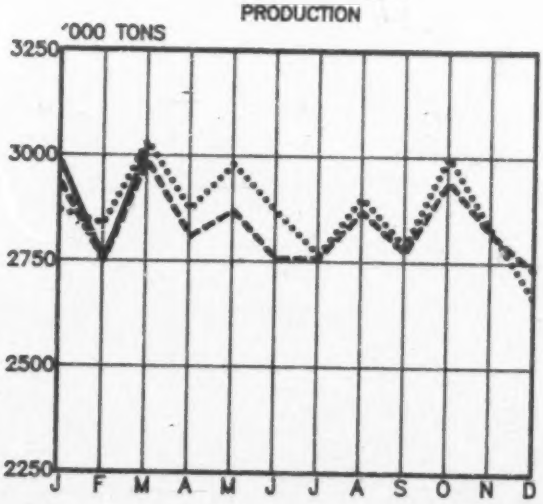
NEWSPRINT

PRODUCTION



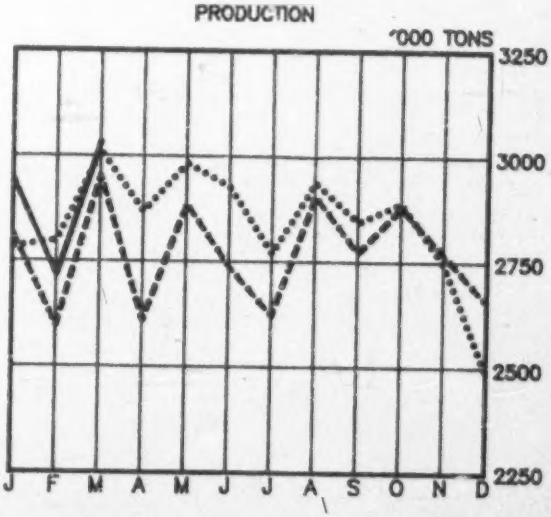
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - 1988 ——

F I B R O U S R A W M A T E R I A L S
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	NOV. 1985	DEC. 1985	JAN. 1986	FEB. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	6914	6861	8088	7483	93426	7.0
	- Total Consumpt	87646	85744	7112	6907	7880	7261	90846	5.2
	- Residues *	32072	30447	2488	2303	2842	2668	33060	14.0
	- Inventories	5574	5046	5062	5046	5491	5807	5807	6.5
So. Atlantic	- Total Receipts	27654	27589	2322	2325	2665	2393	30348	8.4
	- Total Consumpt	27344	27815	2406	2314	2544	2350	29364	6.5
	- Residues *	8198	7970	711	685	838	772	9660	20.3
	- Inventories	1444	1117	1099	1117	1224	1210	1210	-16.6
Northeast	- Total Receipts	7665	7430	606	621	656	665	7926	-5.5
	- Total Consumpt	7474	7394	604	599	666	601	7602	-3.3
	- Residues *	1501	1539	14(	104	110	111	1326	-9.4
	- Inventories	590	544	505	544	500	560	560	-15.7
South Central	- Total Receipts	30693	29786	2417	2388	2891	2596	32922	13.0
	- Total Consumpt	30502	29914	2378	2392	2787	2546	31998	6.4
	- Residues *	9059	9207	747	704	860	764	9744	8.6
	- Inventories	1304	1198	1192	1198	1339	1418	1418	38.7
North Central	- Total Receipts	6872	6430	484	490	620	616	7416	-4.4
	- Total Consumpt	6563	6296	523	506	555	533	6528	2.7
	- Residues *	1472	1290	94	76	97	94	1146	-16.2
	- Inventories	906	884	896	884	976	1061	1061	-0.3
West	- Total Receipts	15992	14264	1081	1037	1256	1213	14814	5.7
	- Total Consumpt	15763	14325	1201	1096	1328	1231	15354	5.7
	- Residues *	11842	10458	805	734	937	927	11184	22.1
	- Inventories	1330	1303	1370	1303	1452	1558	1558	24.3

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 28-Apr-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	JAN. 1986 Tons	JAN. 1986 $000's	FEB. 1986 Tons	FEB. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	128	12	3784	383	23472	-74.1
Pulpwood chips	788486	21955	68707	1509	60243	1491	773700	-33.9
Wood Pulp, Total	4020736	1385871	224802	106824	310338	98195	3210840	-18.6
Waste Fibrous Materials, Total	144564	26371	13383	2551	14213	2908	165580	18.3
Paper, Board & Products, Total	9734523	4306694	783464	352555	839963	373842	9740563	6.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	774358	339340	830910	357026	9631607	6.3
Paper, Paperboard & Products	9380235	4215314	766931	347512	819611	367531	9519249	8.0
Paper & Paperboard, Only	9286488	4073606	757825	334297	810558	350716	9410293	7.5
Paper, Total	9132128	4030872	745285	330946	792432	345879	9226301	7.2
Newsprint	8117986	3496944	659043	287297	705927	302071	8189820	6.7
Printing, Writing & Rel. Pap.	841500	435561	68093	34822	69664	35570	826540	5.4
Pack. & Ind. Conv. Paper	124100	64640	14974	6572	13669	5746	171858	73.8
Special Industrial Paper	3463	5393	258	384	525	823	4699	111.5
Tissue Paper	45081	28334	2917	1872	2647	1669	33385	-28.7
Paperboard, Total	154360	42734	12539	3351	18126	4837	183992	30.6
Convtd Paper&Paperbd Products	93747	141708	9106	13215	9053	16816	108956	67.0
Wet Machine Board	2184	1481	129	82	267	185	2380	149.9
Construction Paper & Board	352104	89898	16404	4961	20085	6126	218934	-28.7

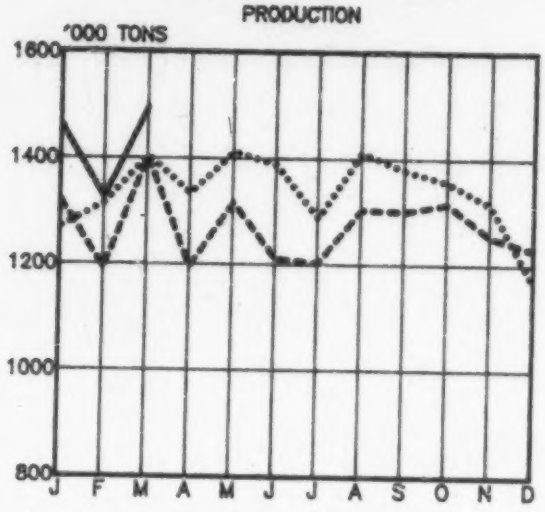
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	364	20	985	50	3094	-65.2
Pulpwood chips	82626	4780	416	20	1987	150	14418	-67.9
Wood Pulp, Total	201934	79541	27802	8059	23517	6846	307914	36.7
Cotton Pulp & Other Pulp	15083	6252	830	356	3597	1069	26562	32.3
Waste Paper	209087	23249	18227	1840	11681	1203	179448	-25.7
Paper, Board & Products, Total	736140	485290	83493	46169	74239	38306	946391	32.9
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	67270	30224	61829	25810	774595	40.6
Paper, Paperboard & Products	710785	473839	80892	44947	72122	37351	918083	33.5
Paper & Paperboard, Only	554413	322162	64669	29001	59713	24855	746287	41.7
Paper, Total	271754	223971	27559	19434	24527	16663	312516	8.5
Newsprint	3757	3276	289	244	173	142	2767	-16.1
Printing, Writing & Rel. Pap.	133800	118625	11393	9971	9257	8093	123898	-18.9
Pack. & Ind. Conv. Paper	41327	23536	3121	1925	2260	1473	32285	-44.3
Special Industrial Paper	90071	74893	12561	6946	13614	6583	151047	110.8
Tissue Paper	2799	3641	196	347	224	372	2519	9.2
Paperboard, Total	282658	98191	37109	9568	35186	8193	433771	81.8
Convtd Paper&Paperbd Products	156372	151676	16223	15946	12409	12496	171796	6.6
Wet Machine Board	5786	4243	524	290	406	310	5575	-6.3
Construction Paper & Board	19570	7209	2078	933	1711	645	22732	24.6

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 28-Apr-86

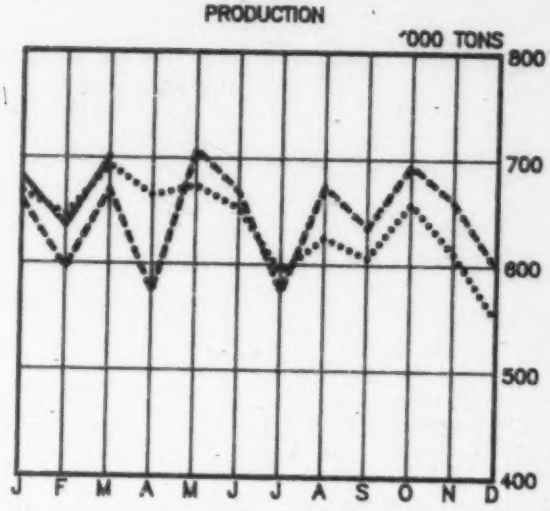
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



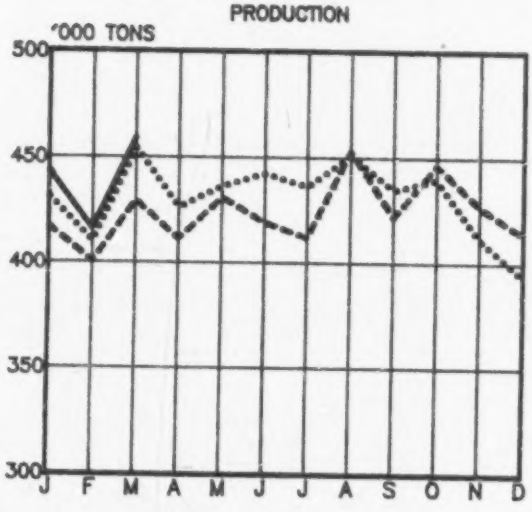
RECYCLED PAPERBOARD

PRODUCTION



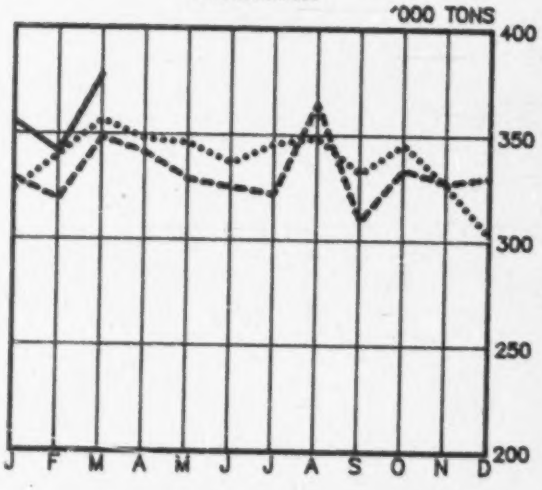
SEMICHEMICAL PAPERBOARD

PRODUCTION



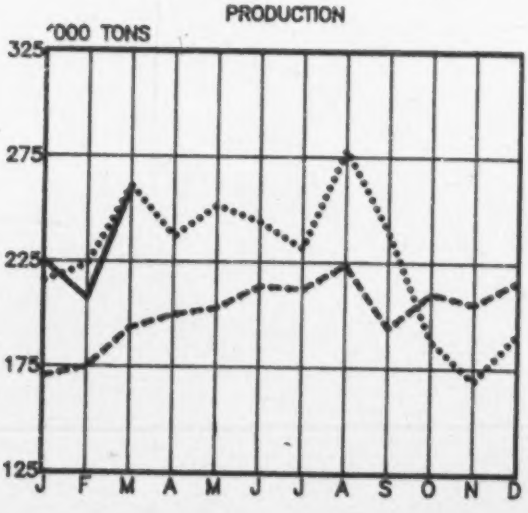
SOLID BLEACHED PAPERBOARD

PRODUCTION



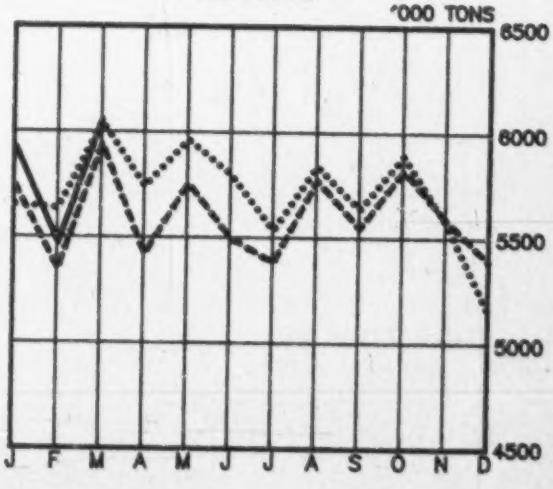
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - 1986 ——

IMPORTS

	YEAR 1985 Tons	YEAR 1985 $000	1986 JAN. Tons	1986 JAN. $000	1986 FEB. Tons	1986 FEB. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	128	12	3784	383	23472	-74.2
Pulpwood Chips	789382	22006	68768	1517	60349	1502	774702	-31.6
Total All Imports	14156209	7255817	1355994	603168	1338964	602856	16169747	6.0
Wood Pulp Total	4465746	1520907	382812	121200	334518	104981	4303980	3.5
Waste Paper	87413	10160	6425	708	7015	872	80640	7.1
Other Fibrous Materials	81430	26949	8953	2679	8516	2829	104812	23.6
Paper Board & Products Total	11521619	5697802	957804	478581	988915	494174	11680316	6.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	933259	422556	961021	434621	11365680	6.1
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	936398	472200	962772	486104	11395017	7.1
Paper & Paperboard Only	10821629	4962757	911853	416175	934878	426551	11080381	7.1
Paper Total	10637428	4906882	896318	411465	915114	420714	10868590	6.9
Newsprint	8496568	3638716	708422	303401	721506	308260	8579568	7.8
Printing & Writing	1912867	1116225	159670	91441	168069	97314	1966437	-2.1
Uncoated Groundwood	1027211	530619	71438	35284	89572	48063	966061	-10.2
Coated Print.& Impreg. Pap.	496072	363855	39348	29516	38010	26823	464146	-24.0
Uncoated Free Sheet	364848	198432	46087	24332	35786	19385	491233	62.9
Uncoated Book	200927	106586	23466	12551	16359	9628	238954	57.2
Writing and Similar Paper	163921	91846	22620	11780	19426	9758	252278	68.6
Thin (except Cigarette)	23712	22276	2780	2292	4659	2984	44633	128.2
Bristols	1024	1043	18	18	43	59	365	-67.6
Total Pkg & Other Paper	172003	116390	20726	12016	20395	11754	246730	69.7
Unbleached Kraft Paper	63604	23976	7548	2505	7537	2865	90506	119.9
Other Pkg. & Indust. Paper	108398	92414	13179	9511	12859	8889	156224	49.9
Tissue	55991	35551	7500	4607	5143	3386	75854	50.8
Paperboard, Total	184201	55875	15535	4709	19764	5836	211792	17.5
Test or Containerboard	50975	16848	4193	1190	6306	2006	62993	35.5
Semi-Chemical Corrugating	65203	13706	4657	1016	7129	1392	70718	27.6
Other Paperboard	68023	25321	6685	2503	6329	2439	78080	-0.3
Convtd Paper&Paperbd Products	283525	623320	24545	56025	27894	59554	314636	37.4
Paper Products, Total	258934	572316	22537	51775	25866	55386	290414	40.3
Paperboard Products, Total	24592	51004	2009	4251	2028	4167	24222	10.5
Wet machine Board	3270	2585	172	124	292	212	2784	16.0
Construction Paper & Board	413196	109140	21234	6258	25852	7858	282515	-21.3
Notes								
Other: No Weight Avail. ($000)		228219		17777		13895	190027	2.0
Total Imports Incl. Other($000)		7484036		620945		616751	16359775	2.1

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	2263	142	985	50	19488	-16.2
Pulpwood Chips	2116137	168814	188543	13739	140531	10563	1974444	-8.3
Total All Exports	11261281	4042068	1051043	346506	1000487	338673	12309182	19.4
Wood Pulp,Total	3791102	1352708	367536	121227	341928	114581	4256784	35.5
Cotton Pulp and Other Pulp	107224	71802	8256	4753	25720	9087	203856	103.6
Waste and Old Paper	3285926	349258	304157	30109	276585	27656	3484452	7.8
Paper, Board & Products,Total	4077029	2268300	371094	190416	356254	187348	4364090	13.7
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	326449	133508	315237	130736	3850112	16.7
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	361625	184890	348946	183380	4263427	13.2
Paper & Paperboard, Only	3517311	1548451	316980	127982	307929	126768	3749449	16.2
Paper, Total	779000	594338	62011	47921	73913	51023	815545	-2.7
Newsprint	314385	131379	20720	9752	29700	14371	302516	-13.4
Printing & Writing	202826	201845	16961	17237	16254	14912	199288	-10.1
Uncoated Groundwood	36779	31727	2961	2393	4365	2646	43955	10.8
Clay Coated Paper	82461	65710	8019	5983	6302	4738	85927	8.3
Uncoated Free Sheet	64573	77929	4708	6461	4336	5549	54264	-35.4
Other Printing & Writing	19013	26479	1273	2401	1251	1978	15142	-18.1
Total Pkg. & Other Paper	243671	242909	23297	19639	27038	20466	302009	19.4
Unbleached Kraft	67695	29931	4454	1797	6459	3083	65475	-19.7
Other Pkg. & Indust.|Paper	175976	212978	18843	17842	20580	17383	236534	38.0
Tissue	18118	18205	1034	1293	922	1275	11732	-19.6
Paperboard, Total	2738310	954113	254969	80061	234015	75745	2933904	22.8
Solid Wood Pulp	2492746	872241	223912	72280	204023	68658	2567609	19.3
Total Linerboard	1807151	480909	163149	40148	147646	38776	1864766	21.5
Bleached Kraft Linerboard	130359	45687	7201	2322	15468	4564	136011	3.2
Unbleached Kraft Linerbd	1676791	435222	155948	37826	132178	34212	1728755	23.2
Other Unbleached Kraft	100651	41053	10944	4019	14544	4433	152926	135.3
Other Bleached Kraft	523091	335026	39558	25708	38946	24695	471026	-7.1
Semi-Chemical Corrugating	61853	15293	10261	2406	2887	755	78892	74.5
Recycled Paperboard	265564	81833	31057	7780	29992	7087	366295	54.3
Convtd Paper&Paperbd Products	490910	680143	44646	56908	41018	56612	513978	-4.6
Paper Products, Total	237191	464174	19369	36914	19140	39446	231050	-8.8
Paperboard Products, Total	253719	215970	25277	19994	21878	17166	282928	-0.9
Wet Machine Board	13380	6930	1750	611	1611	459	16568	26.0
Construction Paper & Board E	55429	32776	7719	4916	6297	3509	84095	41.3
Notes								
Other: No Weight Avail. ($000)		6618		682		680	8169	23.2
Total Exports Incl. Other($000)		4048687		347187		339352	12317351	2.7

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	287.9	287.9	289.0	288.3	-2.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.6	290.6	290.5	291.5	290.9	-2.6
Total Wood Pulp	395.0	347.2	332.0	331.3	330.2	335.0	332.2	-9.9
Total Paper	303.2	303.6	301.2	301.0	301.4	301.5	301.3	-1.3
Total Paper, exc. Newsprint	301.2	298.8	295.5	295.1	295.6	295.5	295.4	-1.7
Newsprint	324.1	332.9	330.2	324.1	324.8	324.3	324.4	-2.8
Total Paperboard	280.6	275.5	264.6	264.1	262.7	266.1	264.3	-8.1
Total Paper and Paperboard *	296.1	294.8	289.7	289.4	289.3	290.4	289.7	-3.3
Converted Products	280.7	288.1	285.7	285.8	285.7	286.4	286.0	-1.4
Waste Paper	240.1	148.8	126.6	129.1	136.9	139.5	135.2	-26.8
All Commodities	310.4	308.9	310.2	309.0	304.7	300.3	304.7	-1.5
Industrial Commodities	322.6	324.0	325.2	324.0	319.4	314.0	319.1	-1.1

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

equal to the average for 1985. Imports for the first two months were down 10.2% from a year ago at an rate of 966,000 tons per year. Exports have already started to gain on last year however; data for the first two months show advances of 10.2% over previous levels.

Tissue paper continues to gain on its 1985 high. Data through March show production at a seasonally adjusted annual rate of 4.9 million tons per year, which matches the year's total for 1985 and is 1.1% over the total in the first three months of last year. Data through February show imports, primarily from Canada, at 50.8% above year-ago levels; exports were down nearly 20%. However, these changes reflect relatively small tonnages. In 1985, about 1% of a total new supply of nearly 5.0 million tons came from imports and only 0.4% of 4.9 million tons of domestic production was exported.

The decline in demand for packaging and other papers eased from the levels of the beginning of the year. Production for the first quarter of 1986 was 4.1% below the first quarter of last year compared with a loss of 6.2% in January. Unbleached kraft papers dropped a little more than the total, with a loss of 4.5%, but the seasonally adjusted annual rate for the first three months was only 2.6% behind the seasonally adjusted total for all of 1985.

Paperboard Production:

As indicated above, paperboard production moved to a new monthly record this month, annualizing to a rate of 34.6 million tons per year. On a seasonally adjusted basis, the first quarter was down 1.2% from the last quarter of 1985, but up 4.0% over the first quarter of last year and also 4.0% above the seasonally adjusted total for 1985 as a whole.

Continued on Page 11

Production of all four major grades was up from a year ago, bolstered by a resurgence in production for export across the board. Total production for export in the first quarter, as shown in the table on Page 3, gained 28.4% over the same three months of last year, reflecting significant gains in virtually all the paperboard export markets. Most notably, the important unbleached kraft linerboard grade posted an advance of 35.6% in production for export and a 2.0% gain in overall production.

Production of containerboard for domestic use, which accounted for more than 60% of total paperboard production in 1985, was 0.1% down from its year-ago level, compared with a 2.4% gain in shipments of fibre boxes through March as reported by the Fibre Box Association. Production of boxboard for domestic use was somewhat stronger at 4.4% above the first quarter of last year, reflecting strong gains in milk carton and plate, dish and tray stock.

Solid bleached paperboard jumped 8.1% over the first quarter of 1985 and on a seasonally adjusted annual basis, the total in the first three months of this year was 5.2% above the total for 1985 as a whole. Recycled and semi-chemical paperboard showed advances of 4.9% and 5.8% respectively, with production for export of the two grades climbing 80.6% and 19%.

WOOD PULP

Shipments of chemical paper grade market wood pulp in March 1986 continued along the strong trend established in the first two months of the year. The March total of 548,000 short tons was only slightly below the 557,000 tons established in January 1986 and 9.5% above its year-ago level. Prior to January 1986, the highest level of shipments was the 509,000 tons shipped in march 1984.

The high shipments totals generated in all three months of the first quarter brought the total to 1,621,000 tons, also a new high, 20% above its year-ago level and 12.5% above the previous high established in the first quarter of 1984.

These record high rates of shipments reflect strength in both the domestic and exports markets. Shipments to the domestic market faltered in 1985, falling 2.5% from the 1984 total. Shipments to the domestic markets in the first three months of 1986 were at a rate of 2.63 million tons per year, 4.4% above their year-earlier total, but still below the 1984 pace. Despite activity in the major wood pulp markets -- printing papers and tissue papers, for example, are showing strength, as noted earlier in this report -- there has been some increase in inventories of purchased pulp held by U.S. consumers: data for the first two months of this year show a gain of 40,000 tons from the end of 1985 to the end of February 1986.

The gain in exports of these grades of wood pulp was far greater than that of shipments to the domestic market: the first

Continued on Page 12

quarter 1986 total ran at the rate of 3.86 million tons per year -- 32% above its year-earlier rate. However, where the major strength in exports in 1985 was in shipments to markets other than the U.K. and Western Europe, in the first quarter of this year shipments to the U.K. and Western Europe were 28% over their year-earlier level, reflecting in part the decline in the value of the dollar relative to the currencies of the Nordic countries. Shipments to Japan and the total to all other countries were also well above year-ago levels, continuing the pattern noted in 1985.

CAPITAL EXPENDITURES

Newly released data from the Department of Commerce indicates that paper and allied products companies will raise their expenditures on new plant and equipment to record-high levels in 1986. According to this report, these companies will spend $8.85 billion this year, 3.8% above the previous high of $8.53 billion spent in 1985 and some 23% above the 1984 total.

Most of this money is apparently being spent on improvements and modernization of existing plant and equipment in line with the industry's cost containment programs.

Capacity increases alone probably account for no more than one-third of the industry's total expenditures on new plant and equipment, with the remainder going for various types of productivity-improving equipment.

Newly-released data by the Conference Board on capital appropriations by those paper and allied product companies included in the 1,000 largest U.S. corporations, while as ebullient as the Commerce data, confirm that increases are possible. The Conference Board's data show that capital appropriations (net of cancellations) by these companies in 1986 were equivalent to 60% of their capital expenditures, resulting in a 27% decline in the backlog of unspent appropriations. However, these companies have increased the pace of their spending, so that their actual 1985 expenditures need only to remain at the level attained in the last half of 1985 for the 1986 total to rise to a new high; the unspent appropriations backlog and the current relationship between appropriations and expenditures will support this increase.

SALES AND EARNINGS

Net sales of 30 paper and allied products paper companies, accounting for about 60% of the industry total, were 2.1% above the year-ago level. This compares, however, with the 2.5% increase in total production of paper and paperboard noted for the same period, indicating a decline in net realizations per ton of output. This decline resulted in a decline in net income after taxes: the total for these companies fell by 19% from its year ago level in the first quarter of this year. As a result, the sales margin declined from last year's first quarter ratio of 4.7% to 3.7% in the first quarter of 1986.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

April 30, 1986

PRODUCTION (000 TONS)

	Mar. 86	Feb. 86	Mar. 85	Jan. - Mar. 86	Jan. - Mar. 85	% Change 86/85
PAPER GRADES						
Newsprint	491	434	489	1388	1404	-1.2
Printing & Writing	1655	1522	1615	4831	4683	3.2
Uncoated Groundwood (s)	123	114	129	365	374	-2.4
Coated Paper (s)	525	489	540	1535	1602	-4.2
Uncoated Free Sheet Paper (s)	889	808	830	2586	2375	8.9
Thin Paper (s)	27	28	24	78	66	17.0
Cotton Fiber Paper (s)	14	12	13	39	36	7.8
Bleached Bristols (s)	67	71	80	218	229	-4.8
Tissue Paper	431	391	428	1249	1236	1.1
Total Pkg & Other Paper	446	405	454	1286	1341	-4.1
Unbleached Kraft Packaging & Indl. Converting (s)	293	263	295	847	887	-4.5
Other Paper *	152	142	160	439	454	-3.2
TOTAL PAPER	3022	2751	2986	8754	8664	1.0
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1497	1325	1506	4282	4197	2.0
Unbleached Kraft Linerboard	1380	1223	1403	3957	3914	1.1
Other Unbl. Kraft Paperboard	116	102	103	326	283	14.9
Semichemical Paperboard	459	416	430	1319	1247	5.8
Bleached Paperboard	378	341	348	1073	993	8.1
Recycled Paperboard	701	634	670	2016	1922	4.9
TOTAL PAPERBOARD	3035	2715	2953	8690	8358	4.0
TOTAL PAPER AND PAPERBOARD	6057	5466	5939	17443	17023	2.5

WOOD PULP (ALL GRADES)	Feb. 86	Jan. 86	Feb. 85	Jan. - Feb. 86	Jan. - Feb. 85	% Change 85/84
Dissolving & Special Alpha	95	107	118	201	204	-1.2
Bleached Sulfite	111	121	102	231	222	4.0
Unbleached Sulfite	13	15	18	28	36	-22.6
Bleached & Semi-Bl. Sulfate	1893	2029	1820	3922	3752	4.5
Unbleached Sulfate	1561	1767	1563	3327	3214	3.5
Semichemical	311	346	325	657	662	-0.8
Groundwood & Thermomechanical	424	463	431	887	877	1.1
TOTAL PULP DIVISION DATA	4407	4846	4375	9254	8967	3.2

(s) - Shipments R - Revised
P - Preliminary

APRIL 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	Jan	Feb	Mar	1986	
Total Production (API)....: excluding :...	68449	67176	5920	5466	6057	69774	2.5
Total Seasonally Adjusted....:construction:...			5877	5735	5739	69405	2.5
Imports (including Products).: and wet :..E	10576	11106	936	963	N.A.	11497	2.3
Exports (including Products).: machine :..E	4309	4009	362	349	N.A.	4262	8.4
Apparent Consumption.....: grades :...	74715 a	74273 b	6452	6349	6359	76639 c	2.2
Paper Production & Tonnage Capacity.....	93.4 g	89.7 g	91.2	93.1	92.4	92.8 gh	-
Paperboard Production & Tonnage Capacity.....	94.8 g	90.1 g	91.7	93.8	94.5	93.6 g	-
			Dec	Jan	Feb		
IMPORTS.....:Including Construction and :...	11075	11521	911	958	989	11680	-33.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	339	371	356	4364	-27.3
			Dec	Jan	Feb		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6898	6800	554	622	589	7270	3.8
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4385	4846	4407	55521	3.2
WOOD PULP IMPORTS - TONS (000).....	4490	4466	339	383	335	4304	3.5
WOOD PULP EXPORTS - TONS (000).....	3594	3791	295	368	342	4257	35.5
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Dec	Jan	Feb		
Wood Pulp.....:consumption for:.....	54562	53297	4332	4715	4277	53954	3.0
Waste Paper.....:construction & :.....	15926	15290	1207	1542	1417	17750	14.8
TOTAL.....: WMB grades :.....	70488	68588	5538	6257	5694	71704	5.7
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	6907	7880	7261	90846	5.2
EMPLOYMENT (000)			Jan	Feb	Mar		
Paper and Allied Products.....Total.....	682.3	683.3	685.3	682.8	685.3	683.8	0.7
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	255.2	254.3	255.0	254.9	-2.4
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	11.05	11.00	11.06	11.03	3.4
Pulp, Paper Mills.....E	12.45	13.11	13.38	13.30	13.35	13.33	4.1
Paperboard Mills.....E	12.99	13.60	14.08	13.90	13.80	13.85	4.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			Jan	Feb	Mar		
:IN PULP, PAPER :...Production Workers.....	125.5	125.9	131.6	129.2	129.2	130.0	2.6
:AND BOARD MILLS:...All Employees.....	123.9	124.9	131.6	129.1	129.0	129.9	4.1
PAPER AND ALLIED PRODUCTS (Million $)			Dec	Jan	Feb		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	8390	8687	8637	154476	6.0
Pulp, Paper and Paperboard*.....	41539	41830	3574	3688	3617	65364	3.5
Inventories (End of Period) - Total Industry*..	9701	9728	9728	9806	9725	9799	-0.8
Pulp, Paper and Paperboard*.....	3662	3800	3800	3939	3937	3933	4.2
			1985 Q2	1985 Q3	1985 Q4		
Sales (Corporations Only).....	71891	71761	18262	17939	17763	N.A.	N.A.
Earnings (Corporations Only).....	3015	2891	874	601	698	"	"
Depreciation (Corporations Only).....	2798	3107	761	804	777	"	"
Net Worth (Corporations Only).....	28160	29780	29797	29647	29780	"	"
PRICE INDEXES (Bureau of Labor Stats)1967=100			Jan	Feb	Mar		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.9	287.9	289.0	288.3	-2.9
Wood Pulp.....	395.0	347.2	331.3	330.2	335.0	332.2	-9.9
Waste Paper.....	240.1	148.8	129.1	136.9	139.5	135.2	-26.8
Paper.....	303.2	303.6	301.0	301.4	301.5	301.3	-1.3
Paperboard.....	280.6	275.5	264.1	262.7	262.7	263.2	-8.5
PAPER DEMAND (INDEXED: 1977=100)			Jan	Feb	Mar		
Total Paper Production *.....	124.1	122.9	127.5	124.4	124.8	125.6	1.0
Paper New Supply *.....	127.7	128.7	132.9	130.8	131.3	131.7	1.4
Demand Indicators - (Weighted Average) *.....	136.7	142.1	145.1	144.9	145.3	145.1	4.3
Production of Nondurable Goods *...(21.2%).	122.5	125.5	129.0	128.7	128.9	128.9	4.2
Disposable Income .....*.(23.9%)	124.0	126.8	128.3	128.9	129.2	128.8	2.8
Total Printing and Publishing *...(54.9%).	147.8	155.1	158.7	158.2	158.7	158.5	4.9
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.4	115.0	121.6	118.7	118.5	119.6	4.0
Production for Domestic Use	115.2	113.8	119.9	117.5	115.0	117.4	2.3
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.4	122.2	121.7	122.1	2.2
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.6	123.5	122.7	123.3	3.4
Production of Equipment *...(5.75%)	140.5	147.1	146.7	145.7	144.2	145.5	.0
Production of Materials *...(32.19%)	114.6	114.7	115.9	115.4	115.6	115.6	0.2
Trend Factor			Not Available				
NEWSPRINT MARKETS			Dec	Jan	Feb		
Consumption by Publishers - Tons (000).....	12612	12774	1120	1014	966	11880	3.8
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	463.8	459.7	459.7	2758	2.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	152825	13697	9595	11852	128683	-0.4
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	31635	2944	3226	2895	36726	12.4
Inventories (End of Period).	2724	3155	3155	3116	3115	3115	7.9
FIBRE BOX DATA (Fibre Box Association)			Jan	Feb	Mar		
Fibre Box Shipments (Million square feet).....	267549	267451	24550	21714	22567	275324	4.7
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2502	2489	2495	2495	-17.4
RETAIL TRADE (Million $)			Jan	Feb	Mar		
Total Retail Sales *.....	1291835	1378161	117364	117454	116556	1405496	4.9
Nondurable Goods Stores Sales *.....	841417	866541	73073	73754	73461	881152	3.7
GENERAL ECONOMIC DATA							
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	126.6	125.7	125.1	125.8	1.6
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	309.0	304.7	330.3	314.7	1.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.4	327.5	326.0	327.3	3.1
			Dec	Jan	Feb		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	549.9	545.0	543.6	543.6	-1.1
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $.....	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $.....	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631 + 21	= 652		236.7
.b - 624 + 21	= 645		238.6
.c - 645 + 21	= 666		240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.